



THE KEG RESTAURANTS, MCDONALD'S CANADA
the keg restaurants, mcdonald's canada

10. George Tidball

"Failure is one aspect facing every new venture. Along with the prospect of failure comes despair and a feeling of hopelessness—of being all alone against the world.

Against this feeling I believe one must have faith, and this only comes from a Power that is greater than all. For this reason the faith that is held by all Christians plays an important role in creating eventual success."

Interview conducted on December 14, 2006 by Richard Goossen

In 1971, Vancouver entrepreneur George Tidball founded The Keg Steakhouse & Bar in North Vancouver, Canada. From the beginning, the unique concept of combining great food, superior service, and a comfortable atmosphere proved enormously successful. This winning formula allowed The Keg Steakhouse & Bar to grow quickly into new Canadian and US markets, which today total more than 100 locations across North America. (from www.kegsteakhouse.com)

George Tidball also brought McDonald's to Canada, with his first location opening on June 1, 1967, in Richmond, BC. His entrepreneurial efforts have met with incredible success.

BIOGRAPHICAL INFORMATION biographical information

George Tidball

Position: Founder, Co-Owner (Retired)

Companies: The Keg Restaurants
McDonald's Canada

Websites: www.kegsteakhouse.com
www.mcdonalds.ca

Location: International, based in the Greater Vancouver Area, BC

Type of Business: Restaurants (Food Services Industry)

Number of Employees: undisclosed

Status: Public

Years of Involvement:

The Keg	1971—sold 1986 (still in operation)
Canadian McDonald's	1965—sold 1971 (still in operation)

Approx. Annual Revenue: N/A

1. When did you start your first entrepreneurial venture, and what was it?

My first entrepreneurial experience was during the aftermath of World War II. I was on a construction crew that was building a platform for the Canadian Pacific Railroad in Summerland, BC. Our head contractor asked, "Do any of you know how to use a welding cart?"

I said, "Sure." He responded, "Ok, you are in charge of the crew." I actually didn't have a clue how to operate a welding cart, but I learned quickly. I was 16 years old at the time.

2. What motivated you to become an entrepreneur?

I had been a management consultant for McKinsey & Company. However, I was mainly motivated by the desire to be my own boss.

3. Was anyone a model of inspiration for you, and if so, how?

My wife Diane encouraged me. In particular, she introduced me to a very important model of inspiration: not a person, but a place. While I was studying at the University of Chicago in the early 1960's, Diane came across a small hamburger restaurant called McDonald's. The service was friendly, the place was clean, and our food was ready quickly. We could buy a burger and fries for 30 cents.

We went there all the time, because we could afford it. We also liked the atmosphere. Even though there were little kids eating all around us, the staff were careful to clean up any messes. One time a young boy dropped his Coke, and a staff member immediately mopped up the spill and replaced his drink. That type of attentive care for the customer created a great restaurant environment. In fact, this customer-first mentality inspired the service policies of my future ventures in the restaurant business (McDonald's Canada and The Keg).

4. Was your educational experience (to whatever extent) helpful?

I believe education is always helpful, because it opens your mind and your eyes to the way the world functions. I had the privilege of going to Harvard University, which impacted my life incredibly.

I hadn't planned on going to university, but I got into Harvard through a job I had with Alcan Aluminum Company in Kitimat, BC. Alcan decided to train me as an IBM computer programmer. While working with the Finance Department of Alcan, I used the company's existing data as a reference point to develop the company's first computerized industrial engineering application. The mill manager was very impressed, so he invited me to a training program led by a professor from Harvard.

I ended up meeting the professor, and he asked me if I'd want to go to Harvard. I wasn't sure if he was serious, but then he said he would guarantee my acceptance. Right then and there, I decided to go. That moment changed my whole life.

My experience at Harvard forced me to reconsider my perspective on everything. When I failed the very first exam I wrote, I came home and said, "Diane, I think we made a mistake. I can't keep up with these guys." But I later found out that the professor failed me because he thought I was too arrogant. That changed my attitude toward school—I decided to study more seriously. I was a 'Baker's Scholar' at the end of my 1st year, meaning I was in the top 6 students out of 600.

After I finished at Harvard, I was accepted into the prestigious Milton Friedman doctoral program at the University of Chicago. I continued my studies in Chicago, but after a while I realized that I needed to start working again. As much as I liked school, I couldn't be a student forever.

5. How many different business ventures have you started in the course of your entrepreneurial career?

I have been involved in four different ventures: a paper- and saw-mill operation, McDonald's in Canada, The Keg, and Thunderbird Equestrian Show Park.

First, I put together a big paper- and saw-mill operation in Alabama as an independent contractor on behalf of MacMillan Bloedel, a large forest products

company headquartered in Vancouver, BC. When I made a presentation book for them, complete with probability statistics and a discounted cash-flow model, I took it to the Chairman (H. R. MacMillan—see comment box at end of chapter) before the board meeting to decide whether or not to proceed with the project. His first question was simply, “How many years before we get a payback?”

Later that year, I went to New York to gather financing for the paper- and saw-mill project. When I signed up the deal at Morgan Stanley (the investment bank financing the deal), I had brought one lawyer. Morgan Stanley, by contrast, had eight lawyers. Then, to make matters worse, I fell asleep while we were negotiating. Nonetheless, everything worked out in the end.

My second business venture was starting McDonald’s Canada when Diane and I moved to Vancouver in the 1960’s.

Then in 1971, I started my third venture—The Keg—just after I sold the rights for McDonald’s Canada.

Lastly, I am presently involved the Thunderbird Equestrian Show Park, based in Langley, BC, which is a recent project that involves my wife and children.

6. How many of these business ventures were financially successful?

All of them.

QUESTIONS ABOUT YOUR BUSINESS
questions about your business

7. How did you identify the opportunity that preceded setting up your business?

With respect to McDonald’s, that was easy! I had the best research in the whole world. My family and I had experienced the restaurant in Chicago, and

when we decided to move to Vancouver, my wife said, “this town could really use a McDonald’s!” No entrepreneur could have better research than a wife and three little kids who love the place, right?

At the same time, not everyone thought it was a great idea. A lot of people said, ‘McDonald’s is a crummy little hamburger stand; how are you going to make any money out of it?’ In addition, White Spot and A&W were already established in the greater Vancouver area, so people thought the market was saturated.

For the Keg, a friend and I were inspired by Chuck’s, a restaurant in Los Angeles. I liked their steakhouse concept, and I believed I could improve on their idea because of the skills and resources available to me. I applied the McDonald’s principles to their core elements, and the concept of The Keg came into being.

8. What were the critical elements you assessed before you decided to pursue the opportunity?

In the early years of The Keg I hired a psychology professor from Simon Fraser University to spend one year going across the country and examining basic trends. His report involved studying and interviewing a variety of people nationwide—everyone from art dealers to postal workers. The purpose of his analysis was to determine the direction of future trends and find out what was changing. The information eventually became a helpful guideline for building The Keg.

9. How much time elapsed between the day you saw the opportunity and your first day of business?

For McDonald’s, the complete process—between the time my wife suggested opening a location, coming to terms with McDonald’s, selecting the initial location, and the day we actually started doing business—took about eighteen months. After my wife suggested the idea, I then wrote a cold letter (without any introduction from anyone) to the CEO of McDonald’s at the time. I ended up meeting with him and we hit it off famously.

He said, “We can’t give you only one McDonald’s location in Canada.” He explained that the company was losing money in all outlying areas except in the core area of Chicago. That was in 1965. “So,” he offered, “I will sell you all of

Western Canada and give you the first right of refusal on the balance of Canada.” He asked whether I could come up with US\$50,000.

I said I would get the money somehow. In addition, he said I would have to pay McDonald’s \$7,000 for every restaurant that I opened, and a 0.5% royalty fee on sales.

I went and raised the US\$50,000. Coming to terms with McDonald’s had taken only three months.

For the Keg, the time between seeing the opportunity and starting the restaurant was no more than six months. Before I sold McDonald’s Canada in March 1971, Herb Capozzi (a friend and fellow investor in McDonald’s Canada) and I had already found what we wanted to do. While we were in Los Angeles, we had come across this funny little steakhouse called “Chuck’s.” It had a salad bar and you could come in dressed any way you wanted. While McDonald’s targeted the baby boomer market, families with kids in the growing suburbs, we had also heard about another important trend: the “blue jean revolution.” Up to that point, going out for a steak dinner was a formal, suit-and-tie affair. The times were changing though, as the next generation began to rebel against that mentality. They were sick of putting on a tie to go out and eat a steak, and tired of tipping the maitre’d obscene amounts. The Keg overthrew that old system. We opened our first Keg Restaurant in June of 1971, in a 4,200-square-foot space in North Vancouver, BC.

10. Did you have business partners? If so, who were they, and how did you find them?

I didn’t officially have any business partners, but some of my friends helped me finance my ventures (see response to Question #12).

With respect to McDonald’s, my wife was my partner and she was very involved. She ran the inspection services, which was a big job. We had a specific way of inspecting restaurants to make sure they were clean and followed the proper procedures. We also had strict service guidelines to make sure the customers were being treated well.

Our relationship with the US head office was unique. My deal with McDonald’s in the US was that I could send my staff to the US for training, but they

would not help me manage the Canadian operations. The CEO said, “I can’t give you anything other than our operating manual; you are going to have to pick out your own equipment and find your own suppliers.” Of course, they also had a list of complicated specifications for suppliers. We had our work cut out for us, lining up the building, equipment, and machinery.

11. Did you have a written business plan of any kind?

Yes I did, for both The Keg and McDonald’s.

For McDonald’s, the bank (First Chicago Bank; see response to Question #12) required me to develop a business plan—and not on the back of an envelope, either. I presented them with a very detailed and aggressive plan.

I did in-depth research on setting up the first location, which was at No. 3 Road and Granville Road in Richmond (it remains in operation to this day). I drove around and counted the number of churches and the number of homes. At that time there were 3.4 kids per home in Richmond. After doing this type of analysis across the Greater Vancouver area, I concluded that Richmond would be absolutely ideal. I intentionally did not want to be in the core of the city.

For The Keg, my plan involved creating a chain, not just one restaurant. Because I already had the experience of building 32 McDonald’s restaurants in 4 years, I knew how to systematically grow a chain of restaurants. At the outset I was already confident about where the company was going next. I also brought over key people from McDonald’s, including my controller. We put in place a system modeled after McDonald’s; we were miles ahead of everyone else in the industry. One major adjustment for me, however, was dealing with 21-year-olds rather than with 16-year-olds.

12. What type of financing did you have?

With McDonald’s, there were two levels of financing: first, I needed funds to buy the rights from McDonald’s in the US. I managed to find five friends who put up \$10,000 each to help pay the \$50,000 fee. The Capozzi family, for example, invested in McDonald’s even though I didn’t send them a single document. I had played sports against the two younger brothers and I knew the father. They simply

sent me a cheque in the mail. They said they trusted me to give them shares or some kind of return eventually. One of my classmates from Harvard did the same, and I still have his letter. He wrote, "Here is the \$10,000; I suppose I will get some documentation eventually." Most of the support I received was based on trust.

Second, I needed bank financing to build the locations. Thankfully, through a school connection, I was able to see the chairman of First Chicago Bank, who was a Harvard MBA graduate. I began making an elaborate pitch to him about starting a McDonald's chain in Canada, and he said, "Stop it." At that point I thought my chance was over. But then he said, "I had my grandchildren here last week, and the only place they ever wanted to go to was McDonald's."

He made some suggestions to refine my business proposal, and he told me, "If you can stay in the Chicago area for a few more days and get your plan finished over the weekend, you can come in to see me on Monday afternoon."

So I did. I stayed over, hired a typist—we didn't have computers then—and improved my proposal. When I went to his office on Monday, he said, "I will turn you over to one of my staff and he can work out the final details for you. We'll give you \$500,000, but you have to give us a personal guarantee."

That wasn't a problem, because it is easy to give a personal guarantee when you don't really have anything. In the end I got \$500,000, based on my personal guarantee and on the fact that the chairman believed in McDonald's because of his grandkids.

While I was putting this deal together, I was working as an independent consultant to support my family. One of the bank's terms was that I would have to work full time at McDonald's in order to make it succeed.

To finance The Keg, I brought financiers into the individual restaurants rather than into the chain as a whole. The financiers had the option to participate in a maximum of five restaurants each. Then we made a deal that once I repaid them the money they had put in, they would get one-third of the shares for that restaurant and the company would retain two-thirds.

We also obtained additional funds for The Keg through a public listing. Within two years of starting The Keg, we went public with our five restaurants and about \$15 million in annual revenue. The process was time-consuming and

expensive, but it did give us the opportunity to raise additional money for expansion. Our initial goal was to build eight restaurants a year.

Opening Day for McDonald's Canada

I still remember that Thursday morning—June 1, 1967—when we opened the doors for the first time. We opened at 11 a.m., and I had hired all these bright young boys to operate the restaurant. Shortly before opening, as I contemplated the fact that I had my entire net worth on the line through my personal guarantee, I thought to myself, "What if no one comes?"

But customers came right from the beginning. In fact, too many customers came. Even with my Harvard MBA and doctoral studies in economics, I had messed up my projections: the huge volume of customers on opening day was unexpected, but the next day (Friday) was even higher. Then on Saturday, the volume of customers was even higher again. On Sunday at 1 p.m. the cook came out of the kitchen and said, "We are out of hamburger meat."

So, with all my training, I was running a hamburger joint without any hamburger meat. We had to close the restaurant. What else could I do?

I stood outside the front door and gave 'rain checks' to everybody who came. I was there until 8 p.m. that day. We got our hamburger meat the next day and we were back in business, but I learned a valuable lesson from that mistake.

13. How much capital did your business require?

Back in those days (1970's), \$150,000 would build a Keg restaurant. All told, the entire business was about \$1.8 million to set up. That may sound cheap, but money was worth more back then. We used to sell steak and lobster for \$4.95.

Our key measuring device was that we wanted to get a certain amount of dollars of sales per dollar of capital invested. We had detailed projections on every site. We wanted to be able to generate \$4 in sales for every \$1 of capital spent.

Nowadays, the whole restaurant situation has changed. Because of new

regulations, a restaurant's kitchen and washrooms alone cost more than what we paid for our first four restaurants combined.

14. How long did it take for your business to reach a positive cash-flow position?

With McDonald's it took three years to reach a positive cash-flow position, because I was investing heavily in people and I kept growing the business.

The Keg, on the other hand, was in a positive cash-flow position from almost the first day. We opened the doors and put an advertisement in a local newspaper. That was enough to get the ball rolling. We also had some unique features that spread by word of mouth, such as a salad bar. By the way, the salad bar was not for nutritional purposes. Instead, it was to get people out of their seats and mingling because they had to go get a salad. People were used to going to a restaurant and never getting out of their seats. Salad bars were practically unheard of at that time.

15. If you did not have enough money at the start, or at low points in the business cycle, what did you do to stretch your capital?

The beautiful thing 30 years ago was that I could send a cheque to Los Angeles for merchandise, and by the time the cheque cleared, I had already sold the merchandise. As an entrepreneur, I had to know how to hustle.

I sometimes involved my suppliers at various stages. If necessary, I would explain that I was not able to pay them on time and I would ask for their continued support. They trusted me. I reciprocated, because I didn't change suppliers even when there were less expensive bids.

I think it is critical for any entrepreneur to establish trust with suppliers and customers. Ups and downs come along in every business. If you have established a network of people who trust you, you are more likely to survive the difficult times.

16. What were the strengths of your venture?

People. We had unbelievable people at both McDonald's and The Keg.

And The Keg still has unbelievable people. It starts from the top. The important question is, "How do we attract good employees to our organization?"

We never brought in an outside manager at The Keg; they were always homegrown. In fact, when I was involved with the company, all The Keg executives had spent several years as a waiter or manager for The Keg. They always knew the restaurants from the inside out, and their experience had a very positive effect on the company atmosphere.

For the first Keg, I brought in my key staff members from McDonald's and said to them, "We have to put the same controls in The Keg that we had in McDonald's." Because I was familiar with the McDonald's system, The Keg operated at a highly organized level that the rest of the industry had not yet embraced. For instance, every week we took a stock inventory of everything in our restaurant. If the liquor ran out midweek, someone would take a stock inventory right away. Then, if the problem continued, someone took a stock inventory every day until we found out what the source of the problem was.

In addition, my experience with McDonald's taught me that volume cures everything. Lower prices on drinks brought more people in, so we still made money. Most restaurants profit from their food and drinks on a percentage scale, where the price of an expensive item, such as wine, is amplified more than the price of a cheaper item, like bread. However, we costed our food and drinks on a different basis: we decided to make a certain return per customer. For example, it didn't matter if someone bought an expensive or cheap drink; either way, we would only add \$5 to the wholesale price. So for the people who wanted a good glass of wine, it was a major bargain. The concept worked.

Plus, we created a culture that promoted good times but also exemplified a high degree of training and personal responsibility. As part of the learning process, we let our staff make some mistakes along the way.

Finally, we have what is called The Keg Spirit Foundation, which has raised \$3 million over the last three years. Each Keg restaurant submits the story of an outstanding employee, someone who is both a good worker and involved in the community. We narrow the list down to six top employees, and we fly them to our head office to tell their stories. They each get a \$10,000 gift for the charity of

their choice.

The Keg is more than a restaurant; it is the sum of many people doing great things. That really makes me proud.

17. What were the weaknesses of your venture?

Everybody agrees too much; nobody wants to challenge things. That is a serious weakness in every entrepreneurial company I have been involved in. Often the person who expresses a dissenting opinion is liable to be looking for a new job, and that is how people are trained to think. We have tried to combat that mentality at The Keg.

18. What was your most triumphant moment?

There were many great moments, so it's difficult to identify a specific one.

19. What was your worst moment?

In 1975, when we had been running The Keg for four years, Pierre Trudeau (the prime minister at that time) banned beef imports from the US. The US had been our source of meat. During the ban, we tried to deal with Canadian suppliers, but they weren't interested in providing meat according to our specifications.

We couldn't simply make a quick switch to Alberta beef, because it had different specifications. Canadian beef historically has been controlled by the supermarkets, and all they want is lean, lean meat—they don't want to sell beef with any fat content. That's why when you go to Safeway and buy steaks and then go home and cook them on your barbeque, they're not as good as at The Keg. It doesn't matter how you cook them, since those steaks don't have the fat marbling that gives steak a great flavor. Anyway, I went to every Canadian meat packer at the time and tried to show them how to cut our meat.

Another difficult time was when we had severe financial challenges. In the early 1980s we had a huge amount of debt on our balance sheet and interest rates rose to 23%. Those were rough years.

20. What were the most difficult gaps to fill (or problems to solve) as you began to grow your company?

Getting the right people, absolutely. First of all, you need to have a good relationship with your employees. People say you shouldn't become friends with them, but that's nonsense! I spent more time with my key executives than I did with my wife. Thus, my key executives and I either enjoyed each other, or suffered. You have to trust each other, and it has to be mutual.

Since we spent so much time together, we had the opportunity to constantly discuss the fundamental aspects of our business. We may have had sixty restaurants, but the focus on core values and a quality product was no different than if we had been running only one restaurant.

21. What were the key attributes you looked for in people (partners, advisors, managers) as you grew the company?

The top attribute we always looked for was character. Character was more important than education and more important than skill. I don't want to sound like I am preaching, but moral people are the ones you want—and if they don't have the right training, you can teach them.

To this day, character is still the number one thing we look for in hiring staff. Technical competence is something you can always learn.

I went back to my 45th reunion at Harvard last September, and I found out that Harvard is now teaching a course on ethics. I put up my hand and commented, "Why are we teaching a course on ethics? What kind of people are you admitting into this school who have to be taught a course on ethics at this stage of their lives?" My questions weren't welcomed.

From my perspective, you either have ethics or you don't. Most business schools would say being ethical is useful only because people think it is important to be ethical, so therefore you have to learn to act the part. That's ridiculous.

REFLECTIVE QUESTIONS
reflective questions

22. What have you found most personally rewarding and satisfying as an entrepreneur?

I find it rewarding when someone like Peter Bonner (one of our former employees at The Keg) calls me and asks if I want to play golf with him, and then takes me out for dinner. He was working in the steel industry when I hired him. He is now the chairman and CEO of Spectra Hospitality Group, Inc, which owns a number of different restaurants.

Another former employee, Wayne Holmes, is now the owner and CEO of Milestones Restaurants Inc., which has 30 locations in BC, AB and ON. He worked with me at The Keg for seven years. Seeing people come up through the ranks and move on in pursuit of other good ventures is very satisfying for me.

And, of course, my family is one of my greatest satisfactions in life. Right now my family owns and runs Thunderbird Show Park—it is a family enterprise. My wife originally ran the facility, but now all of our children are involved. Our riding experience within the family includes that of our youngest daughter, who was an equestrian for Canada in the Olympics. We put on large horse shows, stable up to 800 horses, and provide all training operations.

23. With respect to starting and running a business, what are the three most important lessons you've learned and hope to 'pass on'?

First, you must have a strong belief in your idea and a driving passion for it. Ideas abound—and there are always more out there, but you have to feel inside that your idea is something you are willing to take risks for and base your career on. You have to love what you do.

Second, understand how to make a profit in your particular business. One of the challenges of entrepreneurship is that success in one area, whether in edu-

cation or in a previous job, does not always apply to a new venture. Even with my education, I needed to learn practical lessons from McDonald's. McDonald's has a great operations manual that emphasizes delivering a consistent product. They also have a good training system for staff. That infrastructure helps restaurant owners succeed.

And third, hire the right people.

Growing McDonald's in Canada

With my partners, I owned and ran McDonald's Canada until March 1971. From 1967 to 1971 we were able to open 32 locations. McDonald's in the US made an offer to buy back Ontario from me first. They didn't have the cash, so they provided a corporate guarantee for a \$2 million line of credit. We shopped around for a Canadian bank. We finally found a man at the Canadian Imperial Bank of Commerce who was willing to support us, because he had taken his kids to McDonald's and they loved it.

McDonald's US soon realized the value of the deal they had done with me back in 1965. To keep the license rights to my territory I only had to open 4 restaurants a year. McDonald's US found out that there were close to 30 million people in Canada, so they wanted to buy the rights back. I sold the rights back to them for \$8 million. My investors who put in \$10,000 back in 1965 each received \$1 million in 1971. My wife and I received \$3 million.

As a footnote to that transaction, I should add that because the CEO of McDonald's US liked me, he said he would give me a territory license for Langley. I said Langley would never be big enough to support a McDonald's!

24. What does the word “calling” mean to you?

‘Calling’ might not be the term I would use, but I firmly believe that you’d better have faith. I also believe we are all destined to do great things, but we must choose whether or not we will make the most of our lives. I think that’s a similar idea to “calling.”

25. Do you feel “called” to entrepreneurship? If so, what does that mean to you?

I feel called to entrepreneurship only in the sense that I have done my best with my life, and being an entrepreneur was part of that.

26. Who, if anyone, affirmed that calling?

My one main mentor for 15 years was a man of the Jewish faith who lived in Toronto. He came onto the board for The Keg, and he was very wise. He really helped me understand what character is.

27. What do you believe your gifts are as an entrepreneur?

I think my main gift is finding the good in people. Everybody has valuable ideas and talents, and I try to bring out those qualities in individuals around me. When I give people new opportunities, they often surpass my expectations. In fact, I’ve witnessed very few failures relative to the number of people who have exceeded their own expectations and mine.

28. How do you integrate your business expertise with your Christian faith, and how are they complementary?

I recognize what good moral character is, and moral character is based on certain beliefs in the Bible.

At the same time, many people who don’t attend church have similar values. Their families raised them that way.

For example, goodness is a relatively simple core value to uphold. I mean, how difficult is it to sit down with people and ask how they are doing and whether they need any help? That’s easy.

29. How have you been involved in your local church?

I’ve been involved in my church by attending and giving money.

30. Have you been involved with your church denomination?

I go to a Catholic church and it does not have the same denominational opportunities as some other churches.

31. Have you been involved in para-church organizations?

No.

32. How have you integrated Biblical principles into your business practices, thus acting differently than a non-Christian would?

I built a foundation of ethics and honesty into my business. Some non-Christians do that too, though.

33. What lessons would you ‘pass on’ to Christians pursuing entrepreneurship?

You don’t need to be ‘worldly-wise’; instead, you need to have faith. If you truly stick to your faith, people will notice. Certain people may think you’re naive for your beliefs, but others will respect you. Be truthful in your business, and conduct yourself properly. Do what you say you will do.

34. How could your local church congregation support you as an entrepreneur?

Church support groups are important, because all entrepreneurs go through times when the pressure is more than they can stand. A church support group

encourages people, and helps them endure through discouraging moments.

35. What have been the biggest challenges for you as a Christian in business?

I haven't faced any big challenges in particular. No one has ever mocked or bullied me for my beliefs, and I have never had to 'go to war' over an important issue.

36. Who has been most helpful (and why or how) in addressing these challenges?

If I did face faith-related challenges, I don't think anyone outside of my family would be there for me.

37. Have you hired people from your church? If so, has that been a positive or negative experience?

We haven't hired people through a church connection very often. When we lived down in Indian Wells, CA, we needed a contractor. The church recommended one, because we didn't know anybody. It was a positive experience. We felt confident in the individual, and it worked out well.

38. Have you done business with other people in your church? Please explain.

See the previous answer.

39. Have your relationships with those people been positively or negatively affected—from a business and spiritual standpoint—from doing business together? How?

We had a positive working relationship.

40. Are any passages of scripture particularly meaningful or inspirational to you?

I don't think there's one in particular.

On Ray Kroc, the CEO who built McDonald's

I got to know Ray Kroc, the CEO of McDonald's, quite well. He boiled success down to simple things like friendly and fast service, cleanliness, and cost-effectiveness. He was a great leader in terms of focusing an organization on three or four core principles. That was always good.

If you walked across a parking lot with Ray Kroc and there was a piece of paper on the ground 50 yards away, he would run and pick it up.

He would come in and do an inspection wearing a suit and tie. Then he would climb underneath the grill to see if there was grease on the backside of the wheels, and after that he would put on his white gloves and run his hands along the machinery and equipment.

Ray created the whole approach of getting the cashiers to smile and say thank-you to customers. He was also adamant that the hamburgers were wrapped in a certain way so that they stayed wrapped. He focused on the details of the operation, what some people may call nitpicking. At the same time, he didn't make it overly complicated—because it isn't a complicated business. The bottom line is that great leaders keep you focused on the things that make a difference, and that is what Ray Kroc did. Ray may have been an egotistical person, but he was a great leader.

H.R. MacMillan's Legacy

I also learned a valuable lesson from H. R. MacMillan, co-founder of MacMillan Bloedel. He maintained a very clear focus for his company. He often said, "We only focus on four things: costs, proficiency, conservation, and commodity." One of the more popular myths regarding H.R. MacMillan was that he noticed the light on in the New Westminster office of the company one night while he was traveling up the Fraser River on his yacht. According to the story, he called his president and vice president and said, "Get down there and turn those lights off—we can't afford this!"